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The Economic Impact of Ambulatory Surgery Centers in Colorado

Executive Summary

Ambulatory surgery centers (ASCs) have become a very important component of the U.S. healthcare system, with approximately 5,300 freestanding centers nationwide. The quality of care provided by ASCs is at least equal to and in most cases better than hospital outpatient departments (HOPDs).¹ ASCs also have lower overhead than HOPDs, and are paid less by Medicare, thus they help reduce medical care expenditures.²

In addition to providing high-quality care at a lower cost, ASCs have a substantial positive economic impact on their communities and states. This is because in the course of providing high quality medical care, ASCs pay doctors, nurses, managers, and support staff. They also buy food and supplies.

The majority of these expenditures stay local—either in the community or in the state. This in turn generates other economic activity in the state. In this study we measure the amount of economic activity that is generated by ASCs in Colorado.

We employ a standard economic method, referred to as “input-output” analysis, to calculate economic impact.³ First, we collect data on ASC expenditures from a sample of ASCs. We extrapolate the sample to the state-level by multiplying the sample average expenditures per ASC by the number of ASCs in the state. We then apply a “multiplier” to the state total; multipliers are obtained from the US Bureau of Economic Analysis’ RIMS II database.⁴

The results can be summarized as follows:⁵

- **For every \$1 spent in the ASC sector of Colorado’s economy, by ASCs, \$2.48 of economic value is created within the state.**
- **Colorado’s 112 ASCs had a direct economic impact in the state of nearly \$1.4 billion in 2012. Adding the economic impact of taxes paid, the total economic impact of ASCs in Colorado in 2012 was close to \$1.6 billion. (Figure 1).**

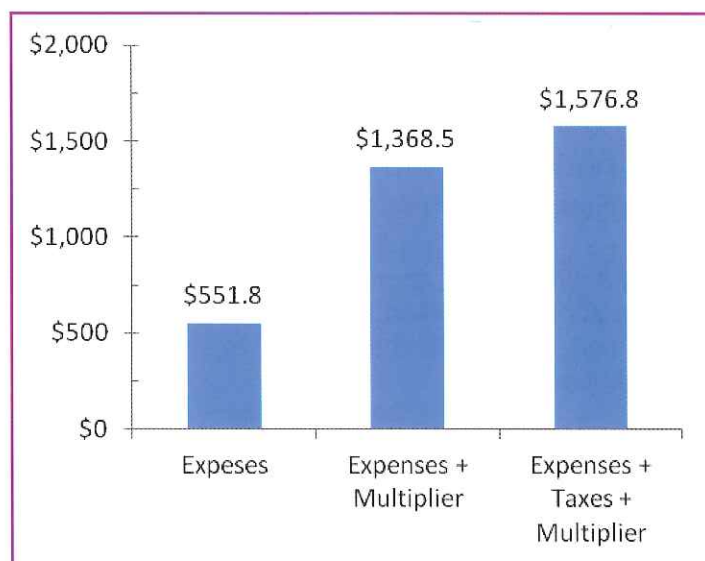


Figure 1 – ASC Economic Impact in Colorado

¹ See generally A. Chukmaitov, Devers, Harless, Menachemi, & Brooks, 2011; A. S. Chukmaitov, Menachemi, Brown, Saunders, & Brooks, 2008; Fleisher, Pasternak, Herbert, & Anderson, 2004; Hollingsworth et al., 2012; Marla & Stallard, 2009

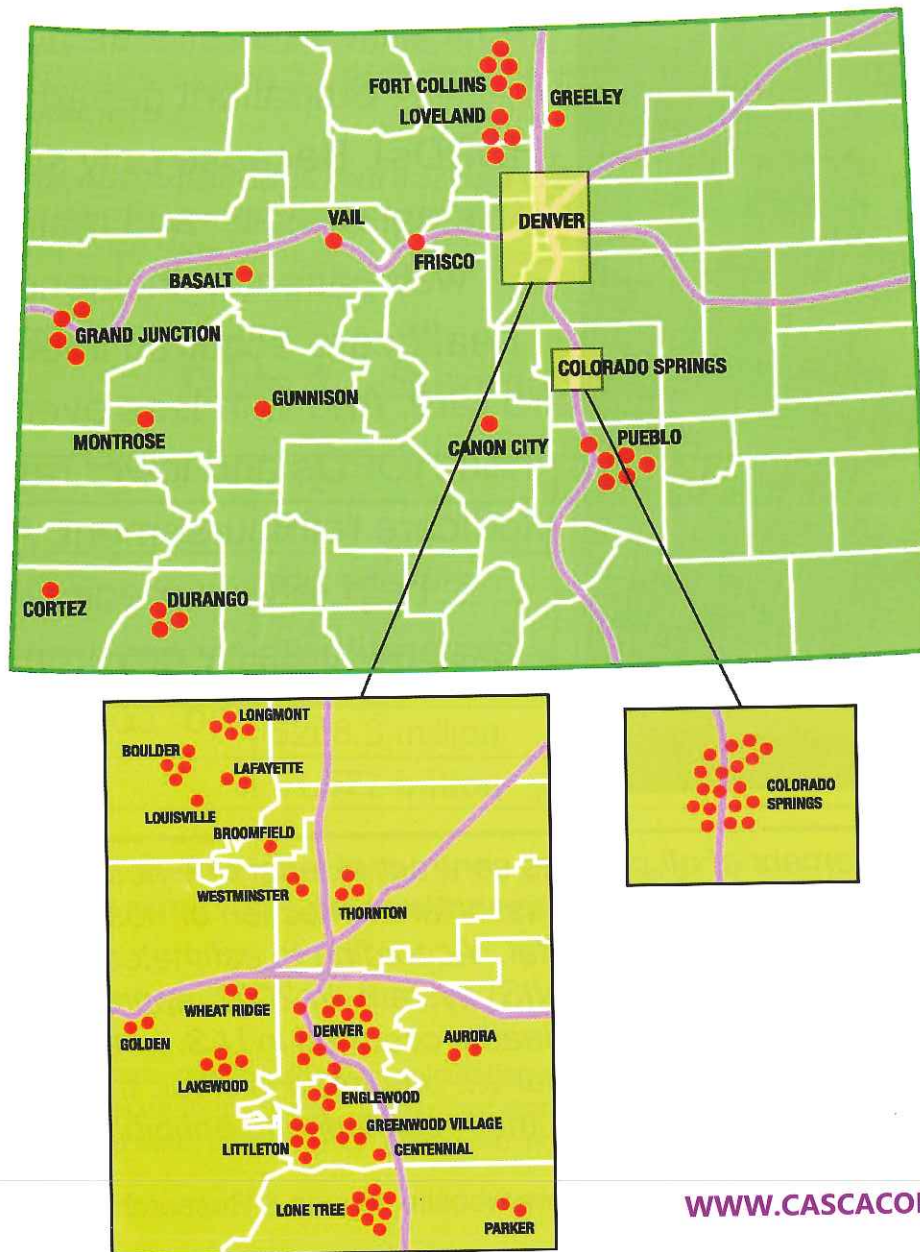
² Koenig & Gu, 2013

³ Described in the Analysis section (Page 2) in greater detail.

⁴ US Bureau of Economic Analysis, 1997

⁵ Described in the Analysis section (Page 2) in greater detail.

Colorado Ambulatory Surgery Centers provide affordable, quality care to working families and employers throughout the state.



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Our Mission: The Colorado Ambulatory Surgery Center Association is committed to ensuring that surgery centers continue to thrive as a distinct model for the delivery of safe, affordable and advanced surgical services to Colorado's health care consumers.



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What is the Colorado Ambulatory Surgery Center Association?

- ❖ The Colorado Ambulatory Surgery Center Association (CASCAs) currently represents a majority of ambulatory surgery centers and physician owners across the state of Colorado.

What are Ambulatory Surgery Centers?

- ❖ Surgery centers are affordable, accessible, and safe facilities for outpatient treatment for surgeries that do not require hospital admissions.
- ❖ They are held to many of the same standards as hospitals; for example, they are required to be licensed to operate and must be certified by Medicare.

What do Ambulatory Surgery Centers Provide?

- ❖ ASCs offer better-quality outcomes, due to staff specialization, with physicians tailoring surgical suites to their specialty and operating style. ASCs are also usually quicker to implement technology advancements.
- ❖ Surgery centers are cost-effective, with lower overhead costs than hospitals. Prices are low and billed charges are clearly delineated for the patient, who pays one basic charge for the surgery center.
- ❖ ASCs provide a pleasant, intimate atmosphere, conducive to visits from family and friends. Thus surgery is less stressful and this often reduces the need for post-operative medication.
- ❖ Surgery centers feature high nurse-to-patient ratios, an absence of cost-shifting and virtually no infection rate (less than .3%)

What are CASCAs' goals at the State level?

- ❖ Ensure that surgery centers remain in place as affordable and accessible alternatives for outpatient surgical care in Colorado.
- ❖ Play a supporting role in efforts to make our health care system more transparent, cost-effective and accountable for Colorado's consumers.
- ❖ Educate policymakers about the achievements inherent in the surgery center model of care and maximize surgery center utilization in efforts to achieve cost savings in Medicaid and Medicare.
- ❖ Collect and analyze data to support an informed public dialogue about the role of surgery centers in our health care delivery systems.

What are CASCA's goals at the Federal level?

- ❖ Support advocacy efforts initiated by ASC Association (www.ascassociation.org).
- ❖ Investigate the current trend by insurance companies nationally and locally to exclude ASCs from viable contracts.
- ❖ Shed light on problems with the existing Centers for Medicare and Medicaid Services list of ASC-approved procedures and urge the replacement of a separate ASC list with a system of parity between ASCs and Hospital Outpatient Departments (HOPDs).
- ❖ Contribute new ideas and perspectives to the ongoing dialogue concerning the role of surgery centers in the nation's health care delivery system.

"ASCs play a very important role in creating a modern, innovative health care system by providing care at a lower cost with better patient satisfaction. With the challenge of rising health care costs, it is clear to me that innovation and creativity in ASCs can make a big difference in the quality and cost of health care."

Mark McClellan MD, PhD, Former Administrator for Center for Medicaid and Medicare Services, February 7, 2006, Washington DC

More than 70% of surgeries in the U.S. are conducted in an outpatient setting.

Colorado's ASCs are approved and accredited by the state's Department of Health, JCAHO AAASC, and AAAHC.

For more information about CASCA or surgery centers, visit us online at www.cascacolorado.com



ASCs Fast Facts

ASCs provide innovative, high-quality, patient-centered care and create a significant savings for patients and the health care system.

Quality Patient Care

- ASCs perform outpatient surgical and diagnostic procedures
- 92 percent of ASC patients report satisfaction with their care
- ASCs are essential Medicare providers of surgical and cancer screening services
- ASCs provide over 40 percent of all Medicare colonoscopies contributing to the decrease in overall colorectal cancer mortality
- ASCs are independently regulated by several rigorous processes including Medicare certification, state licensure, and voluntary accreditation
- Many ASCs have independent accreditation and peer review to ensure that patients receive high-quality care
- Many ASCs focus on services that are recommended by the U.S. Preventive Services Task Force and Healthy People 2010 & 2020, such as colonoscopy screening

Innovation

- Clinical advances, including improvement in anesthesia and pharmaceuticals, as well as innovation in surgery, such as the technology for minimally-invasive procedures and the advance of the intraocular lens, have led the migration of surgeries and procedures from the inpatient setting to the less-costly outpatient setting
- Many ASCs are privately owned by physicians and about 20 percent of ASCs are jointly owned by community hospitals

Convenience and Access

- There are more than 5,200 Medicare-certified ASCs across all 50 states, with more than 1,000 facilities owned in partnerships with community hospitals
- Physician ownership enables:
 - Efficient use of the ASC facility
 - Conducive settings tailored to patients' needs
 - Better control over scheduling, so procedures are not often delayed or rescheduled due to staffing issues or demands
 - Innovative strategies for governance, leadership and quality initiatives

Savings

- ASCs save Medicare \$2,000,000,000 (2 billion) annually by providing low-cost services
- By shifting just half of all eligible outpatient surgeries to the ASC setting, Medicare could save an additional \$2,300,000,000 (2.3 billion) annually
- ASCs save Medicare beneficiaries an average of 56 percent on their coinsurance

For more information, contact (202) 955-6222, or ASCAC@advancingsurgicalcare.com

Colorado beats national average in surgery-acquired infections

By Michael Booth The Denver Post The Denver Post

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DenverPost.com

Colorado's hospitals boast a sharply lower rate of surgery-acquired infections than the national average, according to a bulletin from the state health department.

The bulletin from the Department of Public Health and Environment compares state-mandated infection data with national results for the first time. Colorado hospitals and day-surgery centers had 40 percent fewer facility-acquired infections in heart procedures than the national average.

In hernia operations, Colorado facilities reported 37 percent fewer infections related to the surgeries than the national average. Overall, state surgery centers reported 7 percent fewer infections across all categories, which included common procedures such as hip and knee replacements and hysterectomies.

A history of early reporting requirements has helped Colorado track down and reduce infections, said Sara Reese, patient safety coordinator for state health. Colorado is the only state so far that has added day-surgery centers to its reporting requirements.

Colorado reported a slightly worse rate than the national average for infections after knee replacements, vaginal hysterectomy and inpatient hernia, though statisticians did not consider the difference significant and categorize the state results as "same" compared with national numbers.

Infections are considered one of the most expensive and preventable forms of accidents for patients, and federal and state officials have been on a concerted campaign to help reduce them.

The report also says Colorado's numbers have improved over three years of record-keeping since a state law required infection tracking.

Colorado started the reporting worse than the national average in knee infections but has now improved to "same." Colorado consistently has been better than the national average in heart-procedure infections since reporting began in August 2007.

The state conducts follow-up studies to ensure the gains come from true site improvements rather than underreporting, Reese said.

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